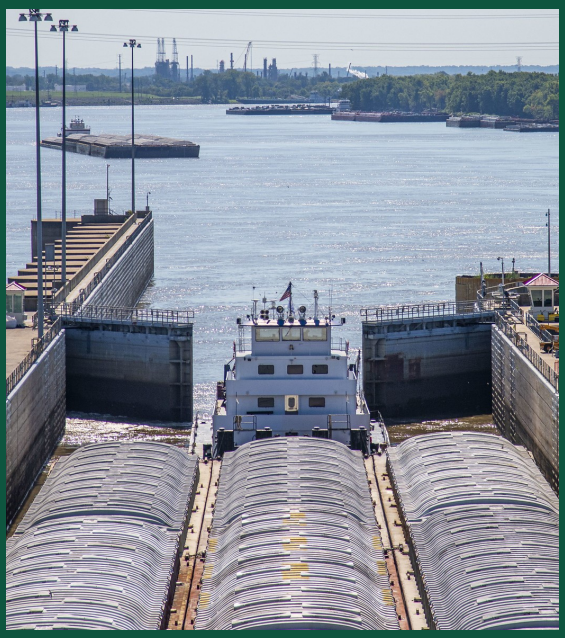

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UNDERSTANDING THE NASS ROLE IN USDA SUPPLY AND DEMAND REPORTS

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A major USDA monthly report is the **World Agricultural Supply and Demand Estimates (WASDE)**. This report includes U.S. and world supply and demand balance sheets for Minnesota crops like wheat, corn, barley, oats, and soybean. U.S. balance sheets are maintained for sugar, meat, poultry, eggs and milk. Season-average farm prices forecasts are also reported for most items in the monthly WASDE reports.

The balance sheet describes the domestic and world supply (production and stocks) and demand (exports and usage for food, feed, fiber, industrial, etc.). As you might expect, these reports receive a great deal of attention from farmers as the commodity markets look to those estimates for market fundamentals. Changes in supply and demand generate price movement for the crops.

The **USDA's World Agricultural Outlook Board (WAOB)** coordinates, reviews, approves and is responsible for the WASDE reports. WAOB commodity analysts chair monthly meetings that include staff from USDA's Ag Marketing Service (AMS), Economic Research Service (ERS), Farm Service Agency (FSA) and the Foreign Ag Service (FAS). U.S. and world supply and demand balance sheets are developed by these commodity teams.

The challenge for each team is to pull together all available official data, from many different USDA and other government agencies, and set the official monthly supply and demand balance sheet forecasts for the USDA's Office of the Chief Economist and the public data users.

NASS staff are not members of the WAOB committees but the estimates we provide are an important part of their balance sheet.

NASS Data Used in WASDE Reports

The WAOB begins forecasting and publishing balance sheet projections for a new corn or soybean marketing year in May and continue for 18 months through October of the following year. As NASS releases estimates for planted area, harvested area, yield, and most importantly production, WAOB incorporates those new estimates into their balance sheet calculations.

Acreage, Yield and Production

NASS acreage, yield and production estimates follow the production cycle of the crop, beginning in March with planting intentions followed by June planted and harvested area. These estimates don't implicitly provide a production number that early in the growing season, but they do inform the WAOB of potential production levels for the current year. That's valuable to WAOB production forecasts in May and July. Starting in August, NASS releases official corn and soybean harvested area and production forecasts each month through November.

NASS production forecasts are based on farmer reported data, in-field counts and measures and satellite imagery. The WAOB incorporates each new official NASS estimate into the balance sheet. As NASS production forecasts change from month to month, those same changes are reflected in the WAOB balance sheet production numbers from month to month. Final estimates are published in January and incorporated into that balance sheet at that time.

Grain Stocks

The September 1 corn and soybean stocks estimate is the beginning stocks estimate in the balance sheet. A year later, that September 1 grain stocks estimate will be the ending stocks balance sheet number. So each September grain stock estimate closes out one marketing year and kicks off the next marketing year balance sheet.

A good example is Table 1. The NASS data used in the October 2021 Corn balance sheet are highlighted in yellow. All other numbers in this table are set by the WAOB team.

Table 1: NASS Estimates Used in the Corn Balance Sheet, October 2021

WASDE – U.S. Corn Supply and Use 1/

CORN	2019/20	2020/21 Est.	2021/22 Proj. Sep	2021/22 Proj. Oct
		Million Acres		
Area Planted	89.7	90.7	93.3	93.3
Area Harvested	81.3	82.3	85.1	85.1
		Bushels		
Yield per Harvested Acre	167.5	171.4	176.3	176.5
		Million Bushels		
Beginning Stocks	2,221	1,919	1,187	1,236
Production	13,620	14,111	14,996	15,019
Imports	42	24	25	25
Supply, Total	15,883	16,055	16,208	16,280
Feed and Residual	5,900	5,597	5,700	5,650
Food, Seed & Industrial 2/	6,286	6,469	6,625	6,630
Ethanol & by-products 3/	4,857	5,032	5,200	5,200
Domestic, Total	12,186	12,066	12,325	12,280
Exports	1,777	2,753	2,475	2,500
Use, Total	13,963	14,819	14,800	14,780
Ending Stocks	1,919	1,236	1,408	1,500
Avg. Farm Price ($/bu) 4/	3.56	4.53	5.45	5.45

Note: Totals may not add due to rounding. 1/ Marketing year beginning September 1 for corn and sorghum; June 1 for barley and oats. 2/ For a breakout of FSI corn uses, see Feed Outlook table 5 or access the data on the Web through the Feed Grains Database at www.ers.usda.gov/data-products/feed-grains-database.aspx. 3/ Corn processed in ethanol plants to produce ethanol and by-products including distillers' grains, corn gluten feed, corn gluten meal, and corn oil. 4/ Marketing-year weighted average price received by farmers.